



**Snohomish County
Auditor's Office**
Performance Audit Division

**AUDIT FOLLOW UP:
EXECUTIVE STAFFING
HEALTHCARE REVIEW
SEIZURE AND FORFEITURE**

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1 EXECUTIVE STAFFING

1.1 Background

On October 21, 2003, the Performance Audit Committee authorized a study regarding staffing levels and procedures in the County Executive's Office. The final report was submitted on December 31, 2003 by Martin Standel, Performance Auditor.

1.2 Objectives, Scope and Methodology

The purpose of this audit follow up was to determine if the initial audit trends noted below (1.3) for the Executive Office were still consistent. We reviewed:

- changes in the budget
- staffing level changes
- position evaluation compared to other departments

We obtained this information through a series of e-mails and discussions with Human Resources and the Executive Office.

1.3 Follow Up: Executive Staffing Status

The original report found the following:

1. All staffing increases were requested and authorized consistent with the policies and procedures adhered to by all other departments.
2. There was no abnormality in staffing percentage increases.
3. Budgetary allocations for personnel by the executive were consistent with County norms.
4. There was not inappropriate growth in staffing during the ten year period in question.

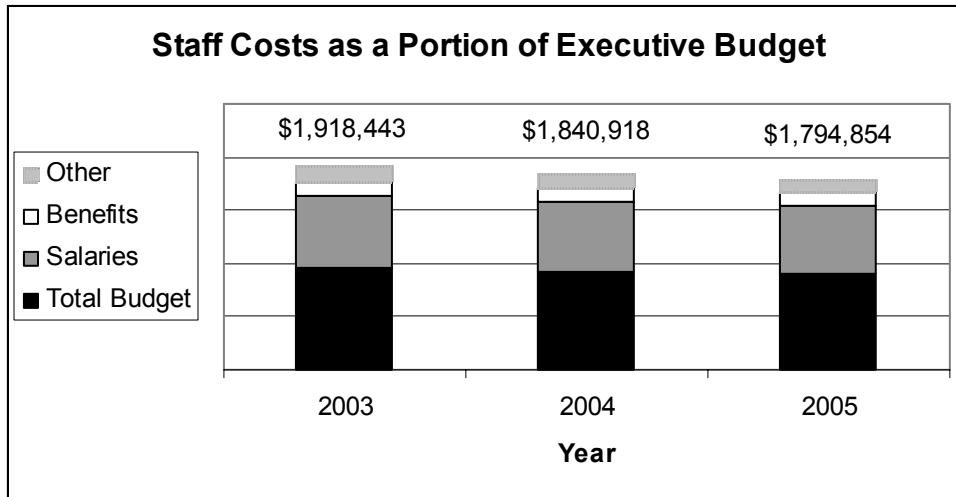
These findings were consistent with trends identified by the County Executive's office in their own assessment of staffing levels during this time. Responses from Human Resources and the Executive Office regarding these questions yielded the following information regarding our follow up questions on statements 1, 2 and 3 above.

1. *All staffing increases were requested and authorized consistent with the policies and procedures adhered to by all other departments.*

There have been no staff increases or policy changes since the original audit's findings. The County Executive's Office reduced staff as part of the reduction in their budget for 2005. The last change to the procedural policy regarding staffing increases and decreases occurred on October 21, 2003.

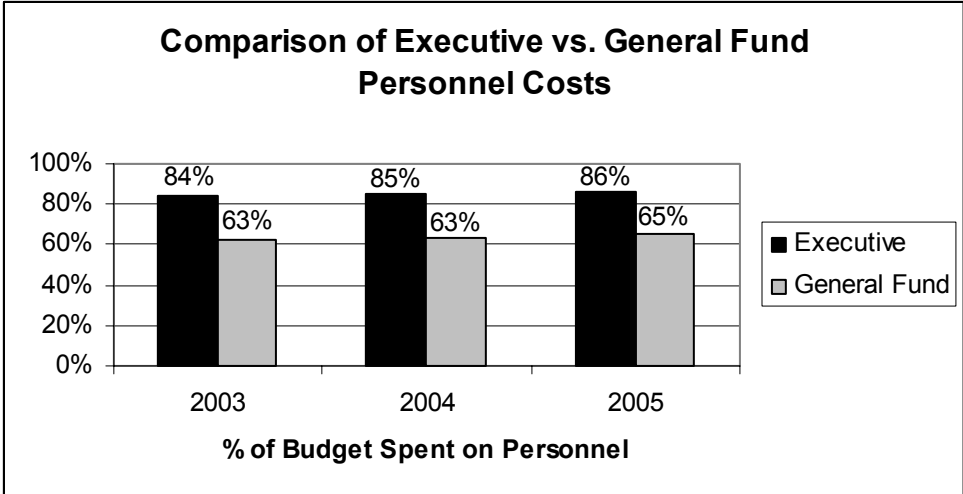
2. *There was no abnormality in staffing percentage increases.*

The percentage of the Executive budget being utilized for personnel has increased 1.8% from 2003 to 2005. This does not represent increasing expenditures; rather it demonstrates the allocation of the Executive budget in regard to salaries and benefits as opposed to other budget items. The actual dollar value spent on salaries and benefits has decreased as a result of budget cuts in the past two years.



2003--83.7% of total budget
 2004--85.7% of total budget
 2005--85.8% of total budget

3. *Budgetary allocations for personnel by the executive were consistent with County norms.*



Executive staffing costs were compared with the staffing costs for the rest of the General Fund as a percentage of their total budgets. Staffing costs have risen at an equivalent rate for the Executive and for the General Fund. The reason for the differing percentages is that the Executive Office budget demands a higher percentage of personnel costs vs. other costs due to significant differences in the demands and outputs of the office. For example, the Executive does not spend on capital expenditures and has less DIS cost due to less complex data needs.

2 HEALTHCARE

2.1 Background

In September 2003 a Healthcare Review was conducted by the Performance Auditor's office. The report's purpose was to determine whether or not Snohomish County's healthcare benefit program was well constructed and being executed in an efficient and financially conscientious manner. In the course of the research two recommendations were presented as possible areas of interest.

2.2 Objectives, Scope and Methodology

The purpose of this audit follow up was to determine if the recommendations made regarding Healthcare were addressed. We obtained this information through a series of e-mails and discussions with Human Resources and Finance.

2.3 Follow Up: Healthcare Status

Two recommendations came out of the original audit. These recommendations and the current status are detailed below.

The original review stated:

At the end of 2002, the County had a deficit balance of 2.910 million in its benefit reserve account dealing with employee healthcare. During the 2003 budget year (March 2003), the County established a \$25 per month per employee Interfund overhead charge to offset this deficit. With around 2,700 full time employees this would generate approximately \$729 thousand dollars. The proposed 2004 budget will increase this overhead charge to \$50 starting in January 2004. Adjusting for the new rate for 2004 will generate an additional 1.7 million. Since this deficit liability was generally incurred prior to County employees participating in their healthcare benefit premium, it will require the continuation of this deficit overhead charge beyond 2005.

1. We recommend the County continue to monitor this deficit balance position and ensure any deficit overhead charges are allocated so employee contributions are not impacted for costs incurred prior to the current premium sharing program.

We discussed this issue with Roger Neumaier, Finance Director. He responded that the deficit of \$2.9 million seen at the end of 2002 for the benefit reserve account has been eliminated and the account now has a \$337 thousand dollar positive balance. The County is continuing to carefully monitor this fund. The target level for the fund is 1.5 months of incurred benefits which would be a \$2 million balance.

2. We recommend the County continue its approach of working closely with AFSCME through the employee management benefits committee. This committee which makes recommendation regarding the County's healthcare plan should be expanded to include representatives from all unions. We recommend the establishment of a Coalition Budget Process in dealing with its several unions pertaining to healthcare benefits and cost sharing. This process will require establishing an expanded healthcare benefits committee to work with the various unions vs. the current time consuming process currently being used.

We discussed these issues with Dani Mullaney, Labor Relations Coordinator with Human Resources. She stated that the issue of union relations is vital to the efficient and productive workings of healthcare within the county. In an effort to improve relations, an invitation to attend the Benefit Advisory Committee Meetings was extended to all of the unions. Local 1092 was the first to attend the meeting and Local 1811 and Local 1811JPD attended their first meeting on February 10, 2005. The Teamsters, Sheriff's Union, and the Corrections Guild have not yet responded to the request.

3 SEIZURE AND FORFEITURE

3.1 Background

On July 17, 2003 a proposal was introduced by the Council requesting a performance audit review of the proposed County Ordinance regarding “seizure and forfeiture.” The Performance Auditor, Martin Standel, recommended changes to the existing ordinance.

3.2 Objectives, Scope and Methodology

The purpose of this audit follow up was to determine if the recommendations made regarding the seizure and forfeiture ordinance were addressed. We obtained this information by examining the past and current ordinances.

3.3 Follow Up: Seizure and Forfeiture

The initial performance audit report stated the following:

It is recommended that the County Council reconsider its proposal to amend Snohomish County Code, chapter 210.010 (Executive Functions) and either establish a new chapter dealing specifically with the disposal of real property seized through drug enforcement, or add a new section to chapter 4.46. That chapter or section should incorporate SCC 10.46 and include the concepts as outlined in the National Code of Professional Conduct for Asset Forfeiture and establish a strict timeline to minimize the holding period between acquiring the property and its disposal in accordance with RCW 69.50 505.

Ordinance No 04-014, passed February 18, 2004 includes changes in language to reduce the potential for conflict of interest and to add clarity. Due to staff changes, it is not clear if the National code of Professional Conduct for Asset Forfeiture was adopted, but the intent of the recommendation appears to be met. Changes were made to the existing chapters 4.46, 10.44 and 10.46 SCC.